

The CHAIRMAN. Without objection, that will be made a part of the committee files.

Mr. BARNARD. Therefore, the reasons which concerned the Congress when it adopted ASP are the reasons that are still valid today and still support the use of the American Selling Price method.

Now, this is all the comment I want to make about the American Selling Price method, and I would now like to turn to the "separate" package itself which has been presented to this committee for its consideration.

The "separate" package would not only eliminate the American Selling Price system, but would cut by more than 50 percent the duty on hundreds, literally thousands of benzenoid chemicals. In our view it is unreciprocal and provides no offsetting export opportunities. Congressional approval of this agreement would, we believe, have an adverse effect on the domestic industry in the United States and its balance of payments for years to come.

ASP as a bargaining ploy is really quite unique. We have been told that it was an "emotional issue" with Europeans from the beginning, and yet it only affects \$50 million worth of our trade, but it blew itself up into the biggest issue in the whole negotiation.

At the time that this ploy was being used against us, our trading partners ignored the fact that they were disregarding our demands that they change the variable agricultural levies which affected 10 times as much trade as the American Selling Price, and I am sure the committee remembers the American exporter who came here and said that the American Selling Price was "a paragon of virtue" compared to the variable levy.

Prof. Stanley Metzger as he then was—he is now Chairman of the Tariff Commission—examined the ASP negotiations in 1967 and speculated that the ASP issue had been raised to avoid reduction of 50 percent in the tariff in the course of the negotiations in Europe.

As it turned out, he was very shrewd in his speculation, for the deal as finally negotiated was a 50-20-percent deal in which they reduced significantly less than 50 percent.

I would like now to turn to that 50-20-percent deal and comment on it a bit with the committee's permission.

The Trade Expansion Act provided a very sweeping authority to cut tariffs. However, there was no authority to deal with methods of valuation. There was doubt about this at the first, but ultimately the trade negotiators acknowledged they had no authority to go ahead, but in an apparent effort to justify their negotiating an agreement outside their statutory authority, they made a series of promises to the Congress and to the industry, and I would like to recall those promises.

The Congress was told that there would be a "separate" agreement, it would be "a self-contained, self-balancing agreement which the Congress would be free to consider on its own merits without constraint." We were also told that this "separate" package would not be connected with large areas of tariff cuts within the Kennedy round. Because then it would be a fait accompli and then we would be holding a gun at the head of Congress in effect, saying, "if you don't do this, you endanger this great negotiation." The separate package was to be reciprocal. It was also to be supported by separate consideration for the benzenoid industry.